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MACROECONOMIC POLICY QUESTIONS: NET TRANSFER OF RESOURCES BETWEEN DEVELOPING AND DEVELOPED COUNTRIES

Algeria*: draft resolution

Net transfer of resources between developing and developed countries

The General Assembly,

Reaffirming its resolutions S-18/3 of 1 May 1990, the annex to which contains the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, and 45/199 of 21 December 1990, the annex to which contains the International Development Strategy for the Fourth United Nations Development Decade,

Recalling its resolutions 44/232 of 22 December 1989 on trends in the transfer of resources to and from the developing countries and their impact on the economic growth and sustained development of those countries, and 47/178 of 22 December 1992 on the net transfer of resources between developing countries and developed countries,

* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

Recalling also its resolution 43/197 of 20 December 1988 and Agenda 21, adopted by the United Nations Conference on Environment and Development, 1/ which address the fulfilment of the internationally agreed commitment for official development assistance,

Taking note of the World Economic and Social Survey, 1994, 2/ in particular chapter IV thereof, entitled "International resource transfers and financial development", and the report of the Secretary-General on the net transfer of resources between developing and developed countries, 3/

Recognizing that the international community has a responsibility to give strong support to the efforts of the developing countries to solve their grave economic and social problems through the creation of a favourable international economic environment,

Noting the fact that the net transfer of resources to the developing countries has been positive for the past two years and that a supportive international economic environment is of critical importance if such transfers are to be sustainable,

Noting with concern that only a small number of developing countries have actually benefited from the positive transfer of financial resources from developed countries and that, for the majority of them, in particular the least developed countries, the transfer of resources has declined and the critical situation continues,

Noting with regret that owing to deteriorating terms of trade for developing countries, the real levels of resources for development remain gravely inadequate for most of them,

Stressing the unpredictable character of those transfers, which are in fact generated by private capital movements that are motivated by short-term gains and subject to interest rate variations and other possible fluctuations in the international economic environment,

Concerned that the net transfer of resources from multilateral financial institutions has been negative in real terms,

Stressing further the continuous decline in the level of official development assistance, which constitutes the main source of external financial

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1/ Report of the United Nations Conference on Environment and Development, Río de Janeiro, 3-14 June 1992 (A/CONF.151/26/Rev.1 (Vol. I and Vol. I/Corr.1, Vol. II, Vol. III and Vol. III/Corr.1)) (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: Resolutions adopted by the Conference, resolution 1, annex II.

2/ United Nations publication, Sales No. E.94.II.C.1 and corrigendum.

3/ A/49/309 and Corr.1.

resources to many developing countries, in particular the African countries, which do not yet have adequate access to international private capital, in view of the weakness of their economies,

Concerned about the persistent insufficiency of resources for most developing countries over the past decade, in particular their inadequacy, which leaves developing countries with serious shortfalls in financial resources for development,

Recalling the successful outcome of the eighth session of the United Nations Conference on Trade and Development and the spirit of multilateralism that permeated the Conference, as reflected in its final document "A New Partnership for Development: The Cartagena Commitment", 4/

Noting that the results of the Uruguay Round of multilateral trade negotiations do not effectively address the problems of developing countries, in particular those relating to the exports of African and least developed countries, whose tradeable commodities and economies are not sufficiently diversified to allow them to participate effectively and beneficially in the new multilateral trading arrangement embodied by the World Trade Organization,

Noting the tenth replenishment of the International Development Association, while expressing concern that there has been no increase in commitments from the replenishment,

Bearing in mind that the major industrialized countries, which have significant weight in influencing world economic growth and the international economic environment, should continue their efforts to promote sustained economic growth and development and to narrow imbalances so as to enhance the ability of the developing countries to address and alleviate their major problems in the areas of money, finance, resource flows, technology transfers, trade, commodities and external indebtedness,

Noting that the outcome of the Summit of the group of seven major industrialized countries, held at Naples, Italy, in July 1994 5/ and the annual meetings of the Bretton Woods institutions in Madrid in October 1994, recognized the need for private flows and the transfer of real resources to developing countries,

1. Stresses the need to increase international efforts to ensure the flow of substantial resources for the reactivation of economic growth and development in the developing countries, and recommends to this end, that:

4/ Proceedings of the United Nations Conference on Trade and Development, Eighth Session, Cartagena de Indias, Colombia, 8-25 February 1992, Report and Annexes (United Nations publication, Sales No. E.93.II.D.5), part one, sect. A.

5/ A/49/228-S/1994/827, annex I.

(a) Developed countries increase financial flows to developing countries in order to facilitate their sustained economic growth and development, and to assist them in their diversification and structural adjustment efforts through, inter alia, an expansion of multilateral credits, promoting foreign direct investment and increasing concessional and non-debt resources;

(b) Developed countries that have reaffirmed their commitment to reach the accepted United Nations target of 0.7 per cent of gross national product for official development assistance, to the extent that they have not yet achieved that target, agree to augment their aid programmes in order to reach that target as soon as possible; in particular new and additional resources should be provided by developed countries to meet the needs of developing countries and implementation of sustainable development;

(c) In the large number of developing countries where the burden of debt and debt service constitutes a major obstacle to the revitalization of growth and development, progress be made towards a durable solution of the external debt problem of developing countries;

(d) Governments work towards an open, free, equitable, non-discriminatory and rule-based international trading system that improves access to all markets for the exports of the developing countries so as to ensure their sustained economic growth and development, which are critical for mutual global benefit; in this context there is a need for a speedy establishment of compensatory measures for developing countries adversely affected by the implementation of the Uruguay Round agreement;

(e) Producers and consumers of commodities continue to explore ways and means of reinforcing their cooperation and consider actively participating in international commodity agreements and arrangements that take into account market trends in order to achieve more efficient international commodity cooperation;

(f) Assistance be provided to developing countries in the area of vertical and horizontal diversification in order to enlarge their exports bases and to allow those countries that have not yet reached this stage to create the conditions appropriate to attract foreign capital;

(g) All Governments, particularly those of the developed countries, cooperate more closely to achieve a higher degree of stability in financial markets, reduce the risk of financial crisis, such as high volatility in exchange rates, and help to promote an international financial system more conducive to stable and sustained economic growth;

(h) Appropriate measures be undertaken by all Governments, particularly those of the developed countries, to create an international economic environment, to stabilize and lower real interest rates and to reduce uncertainties of financial flows;

(i) All Governments, particularly those of the developed countries, strive for multilateral surveillance aimed at correcting existing external and fiscal imbalances so as to greatly expand multilateral trade and foreign investment,

particularly to the developing countries; in this context, there is a critical need for participatory involvement of developing countries;

(j) Effective coordination of macroeconomic policies be carried out in multilateral forums;

(k) International safety nets be established to protect the integrity of development programmes in the face of sudden outflows of private capital from developing countries;

2. Requests the Secretary-General to continue to monitor developments in the net transfer of resources between developing and developed countries and utilize all relevant reports, such as those prepared by the World Bank, the International Monetary Fund and the regional banks, and to report thereon in the World Economic and Social Survey, 1995; and also requests the Secretary-General to report to the General Assembly at its fifty-first session on the implementation of the present resolution.